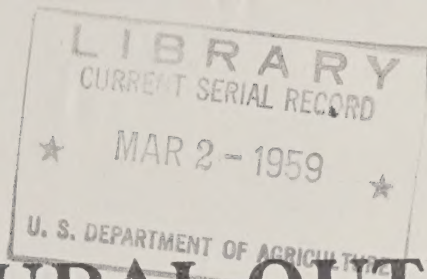


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The AGRICULTURAL OUTLOOK DIGEST

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Farmers' prices and incomes, which ran well above a year ago in the first quarter, are expected to average higher for 1958 as a whole.

Price strength so far this year has resulted mainly from reduced supplies. In the first quarter, cattle slaughter was off 11%, hog slaughter about 8%, egg production 4%. Poor growing weather cut supplies of commercial vegetables and potatoes. Prices of these products were well above the first quarter of 1957. Prices of wheat, feed grains and oil bearing crops, all in heavy supply, remained below a year earlier.

Consumer demand for food has been maintained during current recession. While consumer income has declined slightly with the reduction in industrial production and the rise in unemployment, the drop has been cushioned by increasing unemployment compensation payments. Income is unlikely to decline much more and demand for food probably will continue fairly strong.

Exports of farm products this fiscal year, though likely to be 10 to 15% below 1956-57 record, are relatively high. During the remainder of this year, they seem likely to be maintained close to current levels.

Prices of farm products are expected to decline toward 1957 levels as year progresses, but for the year will likely average above 1957. 1958 harvests will swell supplies of many crops. Increased marketings of fed cattle, hogs and eggs are in prospect.

Income realized by farm operators the first quarter was at an annual rate of \$13 billion compared with \$11.7 billion in the same period of 1957. Gain resulted mainly from higher prices...also from increased marketings of cotton, feed grains and soybeans for which 1957 harvests were delayed.

Realized net income for year is expected to top 1957 by 5 to 10%. Farmers' receipts from sales of products are likely to be up because of higher average prices. Increased payments under the Soil Bank are expected. These gains will be only partly canceled by higher production expenses, especially for feeder livestock, interest and taxes.

LIVESTOCK. Expansion in numbers is one of the main developments in the livestock industry this year. As producers have held back cattle, sheep and hogs for breeding, marketings have slowed and prices have surged upward. They probably reached peak levels for the year in late winter.

Hog prices probably will hold around early spring level until summer. Five to 6% gain in spring farrowings will boost marketings next fall. Prices then are likely to drop below year earlier, but remain relatively favorable. Bigger expansion is likely in fall pig crop, which will be marketed in spring of 1959.

Seasonal decline in fed cattle prices this spring is likely to limit further increases in grass cattle prices. If current expansion in numbers continues it will not increase marketings for two years or more.

DAIRY. Cash receipts from the sale of milk and butterfat this year may be down slightly from 1957 record. Another slight gain in production is likely but average prices are likely to be a little lower.

EGGS. The laying flock next fall is likely to number about the same as a year earlier. The number of pullets added to flocks probably will be about equalled by the number of hens culled. However, production in the last quarter may be up some because of a higher rate of lay per bird.

FATS AND OILS. Near-record supplies appear likely in 1958-59 marketing year. Lard output is likely to be up with increased hog marketings. A moderate increase is likely for cottonseed. Large acreage intended for soybeans plus an increased carryover indicates larger supplies of soybeans.

FEED. Supplies will continue ample through the 1958-59 feeding season. Feed grain acreage is expected to be reduced and unless yields are well above average total production will be down. But carryover will increase and supplies of protein feeds are likely to be large.

Number of livestock consuming grain in 1958-59 is expected to be up 3% from 1957-58. But supplies available per animal are likely to be well above average.

Feed grain prices have strengthened since fall. Part of gain is seasonal but higher livestock prices and heavy movement under support also contributed. Prices are likely to continue below a year ago this spring and summer.

WHEAT. Production this year may be nearly a fourth higher than in 1957, according to early indications. Such an output might exceed domestic use in 1958-59 and exports by as much as 200 million bushels.

POTATOES. Prices to farmers are likely to continue well above last year's low level for 6 to 8 weeks. Stocks of old potatoes are down substantially and the early spring crop of 3.7 million bushels 15% below a year ago. Acreage intended for late spring harvest is up 5%, but weather has been unfavorable in several States.

COTTON. About 2.6 million bales less cotton will be consumed this year by domestic mills and exported than in 1956-57. Shipments abroad will fall about 2 million bales, but the estimated total of 5.6 million bales or more is above most other years. U. S. mills are expected to use about 8 million bales; 600,000 less than in 1956-57.

Although disappearance is down, it exceeds production in 1957. Stocks on hand next August 1 are likely to be about 2.6 million bales below the 11.3 million of a year earlier.

TOBACCO. Supplies of most kinds of tobacco are likely to be smaller in 1958-59 than this year. For flue-cured, burley and cigar binder types, reduction is expected mainly because of land placed in Soil Bank. Fire-cured and dark air-cured growers also have placed land in the Soil Bank, and their allotments have been reduced.